

Message Text

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ORIGIN SS-10

INFO OCT-01 ISO-00 SSO-00 CCO-00 /011 R

66608

DRAFTED BY: EB: NLPZDRAL:NLP

APPROVED BY: EB: JLKATZ, ACTG

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DESIRED DISTRIBUTION: S/S, EB (ONLY)

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Z 151507Z APR 75 ZFF4

FM SECSTATE WASHDC

TO AMEMBASSY PARIS FLASH

C O N F I D E N T I A L STATE 085440

EXDIS - FOR ASSISTANT SECRETARY ENDERS

FOLL REPEAT EC BRUSSELS 3319 ACTION SECSTATE 15 APRIL

75:

QUOTE

C O N F I D E N T I A L EC BRUSSELS 3319

EXDIS

EUR FOR HARTMAN AND EB FOR J. KATZ

EUR PASS AMBASSADOR GREENWALD ON ARRIVAL

PASS AGRICULTURE FOR SECRETARY BUTZ

STR FOR AMBASSADOR DENT

TREASURE FOR MACDONALD

CONFIDENTIAL

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E.O. 11652: GDS

TAGS:, ETRD, EEC

SUBJECT: EC COUNTERVAILING PROBLEM

REF: EC BRUSSELS 3289 AND PREVIOUS

1. SUMMARY: GUNDELACH APPROACHED ME URGENTLY AND

CONFIDENTIALLY AT NOON APRIL 15 ACTING WITH AGREEMENT OF ORTOLI, SOAMES AND LARDINOIS, GUNDELACH STRONGLY URGES THAT WE PUT OFF FINAL DECISION ON THE CHEESE COUNTERVAILING ISSUE ONE MORE WEEK. HE SAYS THAT IF THE COMMISSION MUST DECIDE NOW, ITS RESPONSE TO THE LATEST US POSITION IS APT TO BE NEGATIVE WITH SERIOUS POLITICAL SPILL-OVER FOR GENERAL US/EC RELATIONS. WHILE HE COULD GIVE NO "GUARANTEE", GUNDELACH IS OPTIMISTIC HE CAN GET THE PROBLEM SETTLED ON A BASIS ACCEPTABLE TO THE US IF ALLOWED ADDITIONAL TIME. GUNDELACH MUST MEET WITH ORTOLI PRIOR TO COMMISSION SESSION MORNING APRIL 16 AND REQUESTS AN ANSWER TY. PLEASE INSTRUCT. END SUMMARY

2. ACCORDING TO EC COMMISSIONER GUNDELACH, WHO ASKED THAT HIS PERSONAL INVOLVEMENT BE TREATED WITH DISCRETION, THE CHEESE COUNTERVAILING ISSUE COULD --IF IT GETS OUT OF HAND -- HAVE EVEN MORE SERIOUS POLITICAL CONSEQUENCES THAN THE CHICKEN WAR OF THE 1960'S. HIS ANALYSIS OF THE PRESENT SITUATION IN THE COMMUNITY IS THAT IT IS CHARACTERIZED BY: -(A) CONTROVERSY WITHIN THE COMMISSION; (B) CONFUSION AMONG THE EC MINISTERS; BUT (C) HOPEFUL SIGNS THAT A SATISFACTORY SOLUTION COULD BE FOUND WITH ANOTHER WEEKS'S WORK. GUNDELACH EMPHASIZED THAT HE IS APPROACHING US WITH THE KNOWLEDGE AND "FULL CONSENT" OF EC COMMISSION PRESIDENT ORTOLI AS WELL AS SOAMES AND LARDINOIS. HE HAD REVIEWED THE MATTER AT LENGTH THIS MORNING WITH THE TWO LATTER COMMISSIONERS. WHILE HE COULD MAKE NO HARD PROMISE, GUNDELACH IS CONSIDERABLY ENCOURAGED. HE BELIEVES THE PROBLEM CAN BE SOLVED ON A BASIS ACCEPTABLE TO THE US AND "WOULD NOT EXCLUDE" THE POSSIBILITY THAT THE COMMUNITY WILL ACCEPT THE LATEST US REQUEST.

3. GUNDELACH EXPLAINED THAT MORE TIME IS NEEDED BECAUSE SEVERAL KEY COMMISSIONERS, INCLUDING SOAMES, WILL BE TRAVELLING
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OR OTHERWISE HEAVILY ENGAGED THE NEXT FEW DAYS. (AS WE HAVE PREVIOUSLY REPORTED SOAMES WILL BE ON AN OFFICIAL VISIT TO MEXICO AND LARDINOIS IS HEAVILY ENGAGED BY THE FRENCH-ITALIAN WINE DISPUTE.)

4. GUNDELACH STRESSED THAT HIS RELATIVE OPTIMISM IS BASED ON THE EC COUNCIL DISCUSSION APRIL 14 AS WELL AS ON INTERNAL EXCHANGES WITHIN THE COMMISSION. HE CHARACTERIZED THE COUNCIL DISCUSSION AS CONFUSED BUT POSITIVE ON BALANCE - SOME PRESS REPORTS TO THE CONTRARY NOTWITHSTANDING. OF THE MINISTERS WHO SPOKE ONLY THE FRENCH MADE CLEARLY NEGATIVE NOISES AND, ACCORDING TO GUNDELACH, THEIR TRADE INTEREST IS LIMITED. GERMANY, THE BENELUX COUNTRIES AND DENMARK WERE ALL IN FAVOR OF FURTHER EFFORTS TO RESOLVE THE ISSUE. THEY HAD INDICATED -- WITH VARYING DEGREES OF CLARITY -- THAT THE US POSITION SHOULD BE ACCEPTED

IF ESSENTIAL TO AVOID A CLASH. THE ITALIANS WERE QUIET
AND THE BRITISH POSITIVE BUT RESTRAINED. (GUNDELACH THOUGHT
IT TACTICALLY WISE THAT THE BRITISH DID NOT GO OVERBOARD
IN PUSHING FOR THE US POSITION.)

5. GUNDELACH SAID HE WAS ESPECIALLY HEARTENED BY THE
DANISH REACTION. GIVEN THEIR SIGNIFICANT TRADE INTEREST
AND THEIR WILLINGNESS TO GO ALONG WITH THE US POSITION
"AS THE LESSER OF EVILS", THE DANES HAD HELPED SET A
POSITIVE TONE IN THE COUNCIL.

6. IN VIEW OF THE FOREGOING, GUNDELACH REQUESTS URGENT
WASHINGTON CONSIDERATION OF HIS REQUEST FOR MORE TIME.
I REVIEWED THE HISTORY OF THIS MATTER; EXPLAINED MY UNDER-
STANDING OF THE PRESSURES IN WASHINGTON; AND OF COURSE
MADE NO COMMENT BEYOND AGREEMENT TO TRANSMIT THE
REQUEST AT ONCE.

7. ACTION REQUESTED: I WOULD APPRECIATE INSTRUCTIONS
SOONEST ON THE ANSWER TO BE GIVEN GUNDELACH. HE WILL
HAVE TO LEAVE BRUSSELS MID-MORNING APRIL 16 FOR A LONG-
STANDING COMMITMENT IN ENGLAND AND WILL BE BACK THURSDAY
EVENING. PRIOR TO HIS DEPARTURE HE WANTS TO MEET WITH
ORTOLI WITH THE US RESPONSE IN HAND.MYERSON
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Message Attributes

Automatic Decaptioning: Z
Capture Date: 26 AUG 1999
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CHEESE, REPORTS, COUNTERVAILING DUTIES, COMMITTEES
Control Number: n/a
Copy: SINGLE
Draft Date: 15 APR 1975
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: MartinML
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE085440
Document Source: ADS
Document Unique ID: 00
Drafter: EB: NLP AZDRAL:NLP
Enclosure: n/a
Executive Order: 11652 GDS
Errors: n/a
Film Number: D750131-0404
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t197504102/baaaagzc.tel
Line Count: 141
Locator: TEXT ON-LINE, TEXT ON MICROFILM
Office: ORIGIN SS
Original Classification: CONFIDENTIAL
Original Handling Restrictions: EXDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: EXDIS
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: MartinML
Review Comment: n/a
Review Content Flags:
Review Date: 16 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <16 APR 2003 by BoyleJA>; APPROVED <17 SEP 2003 by MartinML>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: n/a
TAGS: ETRD, EPAP, EEC
To: PARIS FLASH
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006